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Unbalanced Riches: Addressing the Plague of Wealth Inequality in the United States

Summary:

Wealth inequality has become a serious issue within the United States. With the recent incident involving the L'America spacecraft, the matter of imposing policies on space tourism has exploded. This has ultimately led to the broader topic of wealth inequality and how this disparity between the rich and the poor leads to greater political influence by the wealthy, limited social mobility, lack of equal opportunity, and compromised relations between those who are better off and those who are not. Despite the obvious importance of this subject, the problems caused by wealth inequality remain largely unaddressed.

In order to combat this issue, taxes on the wealthy should be expanded and reinforced. Increases in the earned income tax would provide further economic assistance to low- and moderate-income workers and families, and capital gains tax rates could be adjusted and made more progressive for the benefit of lower-income families. In addition, policies that make it easier for the working class to build assets and build up savings can be implemented. Investments in education would also significantly lessen the impact of wealth disparity by laying out a more equal foundation for the youth of the country.

Scope of Problem:

Within our country, we have seen a troubling growth in the wealth gap. This gap has been made all too clear with the unequal economic opportunities existing between classes and the drastically increased cost of living. Although this issue has been present throughout our history, we have taken no serious action within our country to remedy this problem. Now, faced with the consequences of our inaction, we must quickly take measures to address the ever-growing concern of wealth inequality. Since the COVID-19 outbreak 11 years ago, the disparity between rich and poor has been consistently increasing. With the stock market crash and the United States going into lockdown due to the pandemic, the country's economy was thrown for a loop, with over 20 million people left unemployed (Center on Budget and Policy Priorities, 2021). It was also during this time that large leaps in the space tourism industry began to take place. On July 11, 2021, billionaire Richard Branson became the first person to go to space on a rocket ship he helped fund. Only nine days later, Jeff Bezos, executive chairman of Amazon, followed in his own spacecraft (Wamsley, 2021). These expensive excursions occurred amidst a global pandemic during which many of our citizens were struggling to find employment, pay rent, and afford basic necessities. For Bezos, it was also amidst the emergence of news related to Amazon's grueling work conditions. According to the Strategic Organizing Center, in the year 2020, there were 5.9 serious injuries per every 100 Amazon warehouse workers, which is an almost 80% higher injury rate than other non-Amazon warehouses (Palmer, 2021). This brings into question the ethical dimensions of wealth inequality and how they affect those who are towards the bottom of the wealth spectrum. As was the case with the Amazon worker conditions, those at the top can abuse their wealth and power for their own benefit at the expense of others.

Along with their influence over those at the bottom, the wealthy have significantly more influence in politics and can use this influence to sway the direction of laws and policies to their advantage. As a country founded on the belief of democracy and equal citizenship, it is absolutely essential that we place restrictions on the amount of power the wealthy have in the area of politics. Leaving the wealthy with an unfair amount of control over the making of laws and policies undermines the very core of our democracy and, if abused enough, ultimately changes our government into a plutocracy, a society governed by the rich. Furthermore, the concept of inherited wealth constricts power to only to a small circle of people, hindering social mobility and threatening equality of opportunity. These effects of wealth inequality, if they continue to go unchecked, can result in hostility and resentment between classes and can negatively impact their relations with each other. We are already seeing this friction in its beginning stages, with many middle-income Americans protesting the steep price increase in college education, home ownership, and costs of living. The recent L'America XV booster rocket crash onto lower-income fishing communities in coastal Louisiana has not helped matters. Along with the increased cost of living, decrease in equal economic opportunities, and expansion of space tourism for the wealthy, this crash, which resulted in the death of three people and the destruction of private homes and other infrastructure, has already generated class tensions and could incite serious conflict and riots within our nation.

The severe consequences and immoral aspects of wealth inequality implore us to take immediate action on this issue. As it is, we are living in a divided nation. While our majority of low- and middle-income people are forced to face the hardships at the disadvantageous end of an unfair and unequal society, our few wealthy citizens are accumulating more and more wealth –

wealth that could provide support for many of our disadvantaged people, and which would not be missed by the more advantaged population.

Current Policy Approaches:

Some current policies in place, such as Medicaid, TANF, SNAP, and the earned income tax credit, have proven useful in assisting the poor. These programs are paid for with the federal income tax, a progressive tax system where the rich pay a higher rate in taxes than the poor. The effective income tax is also useful in redistributing tax money to those with lower incomes. These policies are effective examples of how redistribution of wealth towards lower-income citizens would benefit them without affecting the already wealthy.

Along with these redistributions, providing equal opportunities, most especially in education, has greatly supported those who are at a disadvantage due to their economic status. As a society, we are constantly pushing the idea of success through education. Go to school, graduate, enter college, get a degree, find a job. These are the steps that have been drilled into us ever since we were children. However, the unfortunate truth is that, currently, education is not equal. Many times, the quality of education and the number of opportunities a student receives are determined by their economic status. Having such an inequality present within our educational system deprives many willing and capable students of opportunities that would help them pursue a higher education and acquire a well-paying job. This profoundly affects how high of an income they are likely to receive, which, in turn, affects their access to resources such as healthcare and housing. The alarming disparity between those who are privileged and those who are not traps the economically disadvantaged into a vicious cycle, making it extremely difficult to break out of their unfavorable circumstances and be on par with those who were given an advantage from the start. Despite having such a great emphasis on obtaining a quality education,

we are living in a society which does not equally grant such an education to its youth. However, many approaches have been taken in the attempt to remedy this issue. Many higher institutions, such as The University of Texas at Austin, have addressed this matter by promising need-blind admissions and need-based financial aid. Scholarships, grants, and other economic opportunities, such as UT Austin's annual Worthington Essay Contest, are also made available within those institutions.

Debates over whether more policies should be implemented to reduce wealth inequality have been fierce. One concern is that attempts to encourage economic equality could lead to a decreased economic output. The "poverty trap," for example, describes a situation where guaranteeing federal financial support to low-income people would decrease the incentive to work (Lumen Learning, 2009). However, this is an extreme case and highly unlikely to occur under current circumstances.

Policy Recommendations:

With such clear evidence of the consequences of wealth inequality, we cannot make the mistake of brushing off this issue. Instead, our existing policies should be expanded and improved. To begin with, the earned income tax has had a positive impact on many low-income families, lifting approximately 4.7 million children above the poverty line annually (Powell, 2014). Augmenting this tax could prove incredibly beneficial to even more families who are in need. In addition to this, a more progressive tax code where capital gains tax rates are correlated with income tax rates would ensure that the wealthy pay the same tax rate as everyone else. Furthermore, building wealth and assets for lower- and middle-income citizens would ensure stronger economic security for families who are experiencing hardships. New programs that would enroll citizens into retirement plans automatically and lay out a savings credit, for

instance, would help these families build wealth. Home ownership, as well as access to fair and affordable financial services, would also be beneficial. Along with these policies, working to eradicate the learning discrepancy by establishing more flexibility within schools and the resources it provides in certain areas and to certain students would also allow underprivileged students to obtain the same economic opportunities as privileged students.

As has been reinforced throughout this brief, measures must be taken to confront the issue of wealth inequality and its effects on our country. The actions we take now will determine how we, as a nation, effectively attend to our citizens needs and enforce the notion of equality our country was founded upon.

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